

DELL (DELL: \$14.32)
Friday, May 21, 2010

Company Update
3*/Average
Price Target: \$17

MARKET DATA			
52 Week Range	\$10.59-\$17.52		
ADT - 3 month	28,133,904		
Market Cap (mm)	\$28,253		
Shares Out (mm)	1,973		
Float (mm)	1,699		
EARNINGS DATA			
Earnings Per Share (FD Operating) Non-GAAP			
FY-Jan	FY10A	FY11E	FY12E
1Q	\$0.25	\$0.30	\$0.34
2Q	\$0.29	\$0.31	\$0.38
3Q	\$0.23	\$0.33	\$0.38
4Q	\$0.28	\$0.34	\$0.38
FY	\$1.05	\$1.28	\$1.48
Prior EPS		\$1.28	\$1.48
PE	13.7x	11.2x	9.7x
GAAP	\$0.97	\$1.15	\$1.36
PE	14.7x	12.5x	10.5x
FINANCIAL DATA			
FY-Jan	FY10A	FY11E	FY12E
Sales (mm)	\$52,902	\$62,202	\$67,027
Y/Y	-13%	18%	8%
FCF/share	\$1.81	\$1.60	\$1.61
FCF Yield	12.7%	11.2%	11.3%
EBIT%	6%	6%	6%
ROIC	infin	394%	477%
ROE	41%	38%	33%
Debt/Capital	42%	38%	32%
BV/Share	\$2.86	\$3.81	\$5.05
BALANCE SHEET			
(mm)	Apr-10		
Net Cash	\$6,935		
Net Cash/Share	\$3.51		
Inventory	\$1,182		
Current Assets	\$24,784		
PPE, net	\$2,049		
Goodwill	\$5,839		
Total Assets	\$34,241		
Current Liabilities	\$18,880		
Total Debt	\$4,661		
Total Liabilities	\$28,263		
Shareholders Equity	\$5,978		

Financial data in million unless otherwise stated

Riding a Corporate PC Recovery if Not for those Pesky Gross Margins; Raise Revs but Maintain EPS

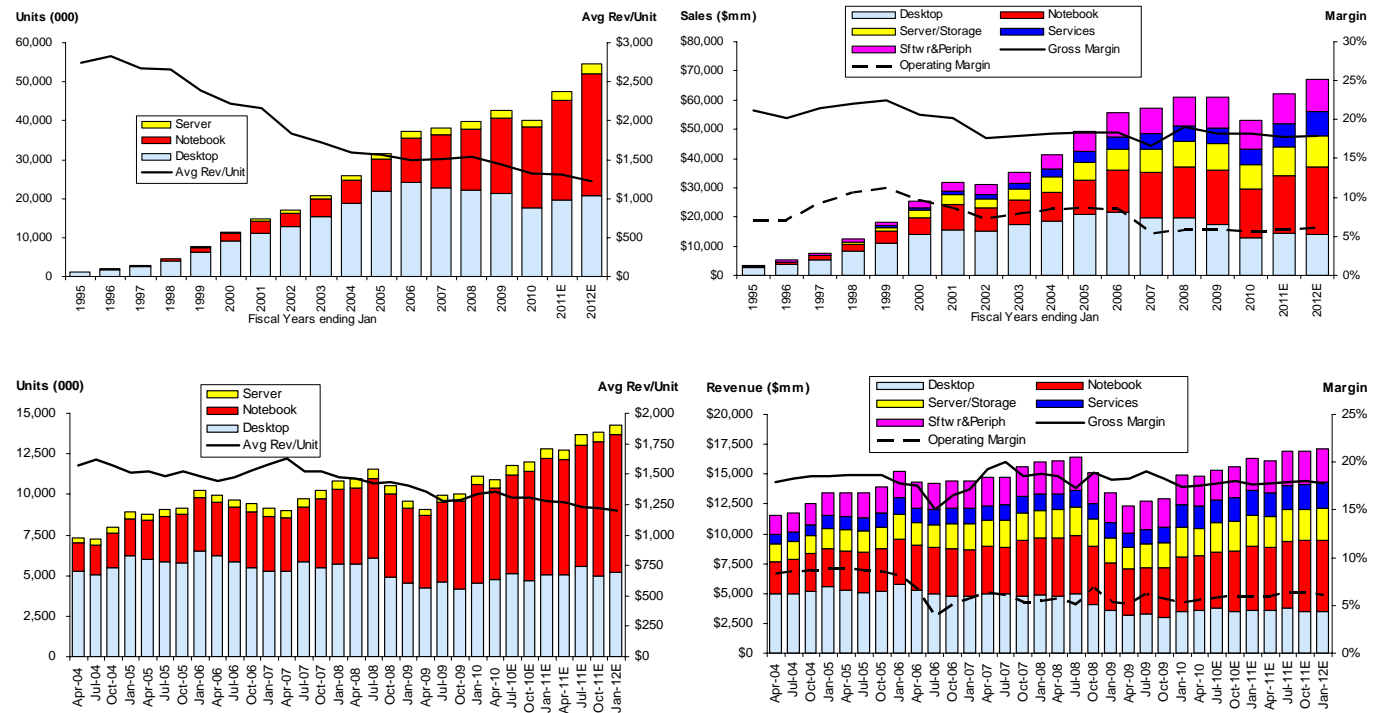
Summary and Recommendation

Dell reported solid Apr-qtr (FQ1) revs of \$14.9B, flat Q/Q and +21% Y/Y (+15% Y/Y ex-Perot) vs. our \$14.4B/consensus \$14.2B, with PC units +20% Y/Y for their best showing in 2yrs and a 3rd consecutive qtr of corporate PC recovery. Non-GAAP EPS \$0.30 beat our \$0.27/cons \$0.26, incl 2c tax rate help, BUT gross margin disappointed again at 17.6%, recovering just 20bps Q/Q from FQ4's miss and -70bps Y/Y, proving once again Dell just doesn't have the volume leverage bulls once assumed/hoped. Rather, we think Dell's practically the definition of a variable-cost model, with GM on each "box of parts" just a function of component cost vs. pricing dynamics. Components easing later this year could help on that score, though we'd worry competitive pricing might prove the spoiler, given limited sources of Wintel differentiation. After prioritizing margin vs. unit growth last year, we continue to feel like Dell's flipped that, likely necessary to regain competitive position but not working wonders for a stock squarely fixated on GM. Consumer (22% of FQ1 revs) still offers Dell share potential, but GMs there are even worse and we think Dell still loses money in retail with no discernable "edge." Rather, we continue to believe Dell's entrenched corporate position (direct closed-loop sales/delivery relationships) offer its best pivot point, with \$3-\$4 net cash/share setting up enterprise-specific acquisitions. Longer-term strategic "vision" beyond tactical fixes, however, likely still needed for DELL to be more than a trading stock.

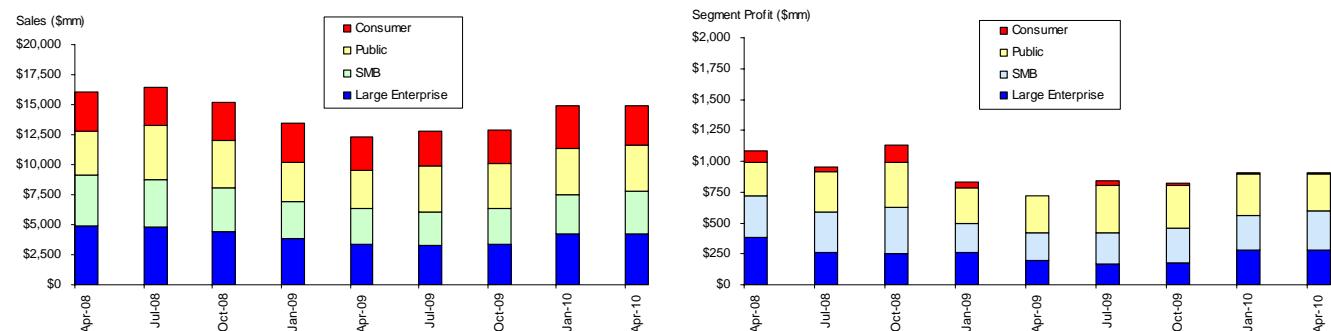
Key Points

- **Corporate rebounding...** Dell's core Biz revs (52% of total) showed a 3rd qtr of Q/Q recovery after 6qtrs of decline, now driving real FY11 rebound, with Large Enterprise +25% Y/Y and SMB +19% Y/Y. Moreover, Dell still believes it's just "the early stages of a corporate IT refresh," sounding confident in a normal seasonal FQ2 and then a solid 2H. Server units grew +30% Y/Y w/ revs +39% Y/Y on rich Nehalem cycle, with Storage just +4% Y/Y as non-OEM EMC sales still roll off but EqualLogic iSCSI SAN +78% Y/Y (homerun acquisition).
- **...though Consumer still just breakeven and we est Retail unprofitable.** Consumer PC units grew +20% Y/Y (revs +16% Y/Y) but again posted minimal profit at \$17mm/+0.5% margin. Given we estimate Dell still sells roughly 1/2 consumer "direct" at a healthy profit, its Retail PCs look to be a consistent money loser, providing scale but our concern that unless you're Apple (AAPL, 1*/Buy), retail PCs offer limited areas of competitive edge or margin expansion.
- **Guidance for seasonally up Jul-qtr and we tick FY11E revs to +18% Y/Y from +17% Y/Y on continuing corporate recovery.** For the Jul-qtr we est revs \$15.4B (+3% Q/Q; +20% Y/Y) and EPS \$0.31, and raise FY11E revs to \$62B (+18% Y/Y; +14% Y/Y ex-Perot) from \$61B. Our FY11/12 EPS estimates stay \$1.28/\$1.48, however, now assuming slightly higher Opex and lower GM.
- **Maintain 3*/Average w/ \$17 target, 10-11x CY10 non-GAAP EPS ex-cash.**

Dell Financial Trends and Mix



Biz Segment/Consumer Trends



Source: Company documents and Caris & Company estimates.

DELL Valuation: Our price target of \$17 is equivalent to 10-11x CY10E non-GAAP EPS ex-cash.

DELL Risks: Risks include PC/ IT cyclicality and pricing/margin pressures.

Dell - Income Statement

(\$ in millions)

	2010							2011E						
	FY 2008	FY 2009	Q1 Apr-09	Q2 Jul-09	Q3 Oct-09	Q4 Jan-10	FY 2010	Q1 Apr-10	Q2E Jul-10	Q3E Oct-10	Q4E Jan-11	FY 2011E	FY 2012E	
Revenue	\$61,133	\$61,101	\$12,342	\$12,764	\$12,896	\$14,900	\$52,902	\$14,874	\$15,367	\$15,639	\$16,323	\$62,202	\$67,027	
Cost of revenue	49,449	49,972	10,083	10,332	10,534	12,304	43,253	12,260	12,635	12,828	13,436	51,159	55,035	
Gross profit	11,684	11,129	2,259	2,432	2,362	2,596	9,649	2,614	2,732	2,811	2,887	11,043	11,992	
S G & A	7,525	6,934	1,480	1,485	1,467	1,619	6,051	1,623	1,653	1,685	1,725	6,686	7,065	
R & D	610	663	141	149	155	179	624	167	175	185	196	723	789	
Operating expenses	8,135	7,597	1,621	1,634	1,622	1,798	6,675	1,790	1,828	1,870	1,921	7,409	7,854	
Operating income	\$3,550	\$3,532	\$638	\$798	\$740	\$798	\$2,974	\$824	\$904	\$941	\$966	\$3,634	\$4,138	
Other inc./(exp.)	387	92	(2)	(42)	(63)	(41)	(148)	(68)	(60)	(57)	(54)	(239)	(186)	
Pretax income	3,937	3,624	636	756	677	757	2,826	756	844	884	912	3,395	3,952	
Taxes	901	904	150	181	228	213	772	172	228	239	246	885	1,047	
Net inc (Non-GAAP)	\$3,036	\$2,720	\$486	\$575	\$449	\$544	\$2,054	\$584	\$616	\$645	\$666	\$2,511	\$2,905	
Amortization after tax	(21)	(79)	(30)	(30)	(27)	(62)	(149)	(68)	(64)	(63)	(63)	(257)	(231)	
x/o items excluded	(68)	(163)	(166)	(73)	(85)	(148)	(472)	(75)	(35)	(24)	(20)	(153)	(44)	
Net inc (reported)	2,947	2,478	290	472	337	334	1,433	441	518	559	583	2,100	2,630	
EPS (Non-GAAP)	\$1.35	\$1.37	\$0.25	\$0.29	\$0.23	\$0.28	\$1.05	\$0.30	\$0.31	\$0.33	\$0.34	\$1.28	\$1.48	
Intangibles Amortiz'n	(\$0.01)	(\$0.04)	(\$0.02)	(\$0.02)	(\$0.01)	(\$0.03)	(\$0.08)	(\$0.03)	(\$0.03)	(\$0.03)	(\$0.03)	(\$0.13)	(\$0.12)	
EPS Including Amort	\$1.34	\$1.33	\$0.23	\$0.28	\$0.21	\$0.24	\$0.97	\$0.26	\$0.28	\$0.30	\$0.31	\$1.15	\$1.36	
EPS (reported)	\$1.31	\$1.25	\$0.15	\$0.24	\$0.17	\$0.17	\$0.73	\$0.22	\$0.26	\$0.28	\$0.30	\$1.07	\$1.34	
Options exp/share	(\$0.15)	(\$0.10)	(\$0.03)	(\$0.04)	(\$0.03)	(\$0.04)	(\$0.13)	(\$0.03)	(\$0.03)	(\$0.03)	(\$0.03)	(\$0.12)	(\$0.12)	
Shares o/s, diluted	2,247	1,986	1,952	1,960	1,966	1,971	1,962	1,973	1,963	1,963	1,963	1,966	1,963	
% of Revenue:														
Gross margin	19.1%	18.2%	18.3%	19.1%	18.3%	17.4%	18.2%	17.6%	17.8%	18.0%	17.7%	17.8%	17.9%	
S G & A	12.3%	11.3%	12.0%	11.6%	11.4%	10.9%	11.4%	10.9%	10.8%	10.8%	10.6%	10.7%	10.5%	
R & D	1.0%	1.1%	1.1%	1.2%	1.2%	1.2%	1.2%	1.1%	1.1%	1.2%	1.2%	1.2%	1.2%	
Operating expenses	13.3%	12.4%	13.1%	12.8%	12.6%	12.1%	12.6%	12.0%	11.9%	12.0%	11.8%	11.9%	11.7%	
Operating margin	5.8%	5.8%	5.2%	6.3%	5.7%	5.4%	5.6%	5.5%	5.9%	6.0%	5.9%	5.8%	6.2%	
Pretax margin	6.4%	5.9%	5.2%	5.9%	5.2%	5.1%	5.3%	5.1%	5.5%	5.7%	5.6%	5.5%	5.9%	
Tax rate	22.9%	24.9%	23.6%	23.9%	33.7%	28.1%	27.3%	22.8%	27.0%	27.0%	27.0%	26.1%	26.5%	
Net margin	5.0%	4.5%	3.9%	4.5%	3.5%	3.7%	3.9%	3.9%	4.0%	4.1%	4.1%	4.0%	4.3%	
Y/Y % Change:														
Revenue	6%	0%	-23%	-22%	-15%	11%	-13%	21%	20%	21%	10%	18%	8%	
Operating income	16%	0%	-31%	-5%	-29%	11%	-16%	29%	13%	27%	21%	22%	14%	
EPS (Non-GAAP)	20%	1%	-34%	-9%	-41%	-3%	-24%	19%	7%	44%	23%	22%	16%	
Q/Q % Change:														
Revenue			-8%	3%	1%	16%		0%	3%	2%	4%			
EPS (Non-GAAP)			-12%	18%	-22%	21%		7%	6%	5%	3%			

Source: Company documents and Caris & Company estimates.

Dell - Segment Model

	2010							2011E						
	FY 2008	FY 2009	Q1 Apr-09	Q2 Jul-09	Q3 Oct-09	Q4 Jan-10	FY 2010	Q1 Apr-10	Q2E Jul-10	Q3E Oct-10	Q4E Jan-11	FY 2011E	FY 2012E	
Unit Shipments (000)	39,829	42,597	9,096	9,980	10,016	11,119	40,211	10,933	11,765	11,965	12,782	47,445	54,503	
Desktop	22,248	21,202	4,225	4,628	4,170	4,548	17,572	4,735	5,150	4,693	5,014	19,592	20,781	
Notebook	15,645	19,387	4,478	4,914	5,402	6,084	20,877	5,687	6,067	6,731	7,211	25,696	31,318	
Server	1,936	2,008	393	438	444	487	1,762	510	548	541	557	2,157	2,404	
Yr/Yr % Change	4%	7%	-17%	-14%	-5%	16%	-6%	20%	18%	19%	15%	18%	15%	
Desktop	-3%	-5%	-26%	-23%	-15%	1%	-17%	12%	11%	13%	10%	11%	6%	
Notebook	16%	24%	-5%	0%	5%	32%	8%	27%	23%	25%	19%	23%	22%	
Server	6%	4%	-28%	-23%	-7%	17%	-12%	30%	25%	22%	14%	22%	11%	
Q/Q % Change			-5%	10%	0%	11%		-2%	8%	2%	7%			
Desktop			-6%	10%	-10%	9%		4%	9%	-9%	7%			
Notebook			-3%	10%	10%	13%		-7%	7%	11%	7%			
Server			-5%	12%	1%	10%		5%	7%	-1%	3%			
% of Units														
Desktop	56%	50%	46%	46%	42%	41%	44%	43%	44%	39%	39%	41%	38%	
Notebook	39%	46%	49%	49%	54%	55%	52%	52%	52%	56%	56%	54%	57%	
Server	5%	5%	4%	4%	4%	4%	4%	5%	5%	5%	4%	5%	4%	
Avg Revenue/Unit (ARL)	\$1,535	\$1,434	\$1,357	\$1,279	\$1,288	\$1,340	\$1,316	\$1,360	\$1,306	\$1,307	\$1,277	\$1,311	\$1,230	
ASP (hardware only)	\$1,153	\$1,060	\$974	\$918	\$924	\$944	\$940	\$959	\$926	\$921	\$905	\$927	\$874	
Desktop	880	819	749	717	724	757	737	757	727	734	712	732	683	
Notebook	1,114	959	865	792	776	765	796	802	774	759	747	769	728	
Server	3,344	3,242	3,275	3,200	3,467	3,704	3,423	3,497	3,392	3,460	3,460	3,451	3,253	
Yr/Yr % Change	1%	-8%	-11%	-14%	-13%	-7%	-11%	-2%	1%	0%	-4%	-1%	-6%	
Desktop	2%	-7%	-11%	-12%	-13%	-3%	-10%	1%	1%	1%	-6%	-1%	-7%	
Notebook	-3%	-14%	-16%	-20%	-18%	-12%	-17%	-7%	-2%	-2%	-2%	-3%	-5%	
Server	5%	-3%	4%	5%	2%	7%	6%	7%	6%	0%	-7%	1%	-6%	
Q/Q % Change			-4%	-6%	1%	2%		2%	-3%	-1%	-2%			
Desktop			-4%	-4%	1%	5%		0%	-4%	1%	-3%			
Notebook			0%	-8%	-2%	-1%		5%	-4%	-2%	-2%			
Server			-5%	-2%	8%	7%		-6%	-3%	2%	0%			
Net Sales (\$mm)	\$61,133	\$61,101	\$12,342	\$12,764	\$12,896	\$14,900	\$52,902	\$14,874	\$15,367	\$15,639	\$16,323	\$62,202	\$67,027	
Desktop	19,573	17,358	3,163	3,319	3,020	3,445	12,947	3,585	3,743	3,446	3,571	14,345	14,193	
Notebook	17,423	18,600	3,875	3,891	4,191	4,653	16,610	4,563	4,697	5,107	5,389	19,757	22,790	
Server	6,474	6,510	1,286	1,403	1,539	1,804	6,032	1,785	1,860	1,873	1,925	7,443	7,820	
Storage	2,435	2,679	534	551	508	599	2,192	554	597	590	683	2,424	2,821	
Total Systems	\$45,905	\$45,147	\$8,858	\$9,164	\$9,258	\$10,501	\$37,781	\$10,487	\$10,897	\$11,017	\$11,569	\$43,969	\$47,625	
Services	5,320	5,351	1,238	1,218	1,244	1,922	5,622	1,891	1,895	1,999	2,039	7,824	8,306	
Sftwr&Periph	9,908	10,603	2,246	2,382	2,394	2,477	9,499	2,496	2,575	2,623	2,715	10,409	11,095	
Yr/Yr % Change	6%	0%	-23%	-22%	-15%	11%	-13%	21%	20%	21%	10%	18%	8%	
Desktop	-1%	-11%	-34%	-33%	-26%	-3%	-25%	13%	13%	14%	4%	11%	-1%	
Notebook	13%	7%	-20%	-21%	-14%	16%	-11%	18%	21%	22%	16%	19%	15%	
Server	12%	1%	-25%	-19%	-6%	26%	-7%	39%	33%	22%	7%	23%	5%	
Storage	8%	10%	-19%	-20%	-19%	-15%	-18%	4%	8%	16%	14%	11%	16%	
Total Systems	6%	-2%	-26%	-25%	-17%	9%	-16%	18%	19%	19%	10%	16%	8%	
Services	5%	1%	-8%	-11%	-9%	51%	5%	53%	56%	61%	6%	39%	6%	
Sftwr&Periph	10%	7%	-18%	-15%	-7%	0%	-10%	11%	8%	10%	10%	10%	7%	
Q/Q % Change			-8%	3%	1%	16%		0%	3%	2%	4%			
Desktop			-11%	5%	-9%	14%		4%	4%	-8%	4%			
Notebook			-3%	0%	8%	11%		-2%	3%	9%	6%			
Server			-10%	9%	10%	17%		-1%	4%	1%	3%			
Storage			-24%	3%	-8%	18%		-8%	8%	-1%	16%			
Total Systems			-8%	3%	1%	13%		0%	4%	1%	5%			
Services			-3%	-2%	2%	55%		-2%	0%	5%	2%			
Sftwr&Periph			-10%	6%	1%	3%		1%	3%	2%	4%			
% of Total Sales														
Desktop	32%	28%	26%	26%	23%	23%	24%	24%	24%	22%	22%	23%	21%	
Notebook	29%	30%	31%	30%	32%	31%	31%	31%	31%	33%	33%	32%	34%	
Server	11%	11%	10%	11%	12%	12%	11%	12%	12%	12%	12%	12%	12%	
Storage	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	
Total Systems	75%	74%	72%	72%	72%	70%	71%	71%	71%	70%	71%	71%	71%	
Services	9%	9%	10%	10%	10%	13%	11%	13%	12%	13%	12%	13%	12%	
Sftwr&Periph	16%	17%	18%	19%	19%	17%	18%	17%	17%	17%	17%	17%	17%	

Source: Company documents and Caris & Company estimates.

Dell - Balance Sheet

(\$ in millions)

	2009				2010				2011E			
	Q1 Apr-08	Q2 Jul-08	Q3 Oct-08	Q4 Jan-09	Q1 Apr-09	Q2 Jul-09	Q3 Oct-09	Q4 Jan-10	Q1 Apr-10	Q2E Jul-10	Q3E Oct-10	Q4E Jan-11
Assets												
Cash and equiv.	\$8,273	\$8,623	\$7,910	\$8,352	\$9,691	\$11,699	\$12,795	\$10,635	\$10,255	\$10,900	\$11,886	\$13,052
ST investments	228	410	662	740	434	299	331	373	627	627	627	627
Accounts receivable	7,550	8,080	7,058	6,443	6,053	7,655	7,597	8,543	9,101	9,778	9,653	9,572
Inventories	1,258	1,104	1,109	867	842	839	952	1,051	1,182	1,182	1,200	1,244
Other	3,193	3,559	4,795	3,749	2,890	3,348	3,196	3,643	3,619	3,739	3,805	3,971
Total current assets	20,502	21,776	21,534	20,151	19,910	23,840	24,871	24,245	24,784	26,226	27,171	28,466
PP&E, net	2,642	2,588	2,458	2,277	2,181	2,117	1,978	2,181	2,049	1,974	1,874	1,799
LT Investments	1,312	501	374	454	568	746	828	781	714	714	714	714
Goodwill, intangibles	2,499	2,534	2,493	2,461	2,426	2,394	2,355	5,768	5,839	5,769	5,699	5,629
Other assets	1,064	1,008	958	1,157	1,104	961	993	677	855	855	855	855
Total assets	\$28,019	\$28,407	\$27,817	\$26,500	\$26,189	\$30,058	\$31,025	\$33,652	\$34,241	\$35,538	\$36,313	\$37,463
Liabilities & Stockholders' Equity												
ST debt	131	129	266	113	101	49	351	663	1,079	1,079	1,079	1,079
Accounts payable	10,891	11,215	9,475	8,309	7,844	9,698	9,947	11,373	11,402	11,986	12,169	12,491
Accrued & deferreds	6,347	6,843	6,680	6,437	6,196	6,540	6,563	6,924	6,399	6,595	6,628	6,873
Total current liabilities	17,369	18,187	16,421	14,859	14,141	16,287	16,861	18,960	18,880	19,660	19,876	20,443
Long-term debt	1,848	1,840	1,851	1,898	2,396	3,394	3,442	3,417	3,582	3,582	3,582	3,582
Other liabilities	5,256	5,474	5,386	5,472	5,422	5,752	5,697	5,634	5,801	5,851	5,901	5,951
Stockholders' equity	3,546	2,906	4,159	4,271	4,230	4,625	5,025	5,641	5,978	6,446	6,954	7,487
Total liab. & stock. equity	\$28,019	\$28,407	\$27,817	\$26,500	\$26,189	\$30,058	\$31,025	\$33,652	\$34,241	\$35,538	\$36,313	\$37,463
Employees (000)	85	83	81	79	77	75	72	96	96	96	96	96
Financial Ratios												
Current Ratio	1.2	1.2	1.3	1.4	1.4	1.5	1.5	1.3	1.3	1.3	1.4	1.4
Debt/Equity	56%	68%	51%	47%	59%	74%	75%	72%	78%	72%	67%	62%
Debt/Total Capital	36%	40%	34%	32%	37%	43%	43%	42%	44%	42%	40%	38%
Book Value/Share	\$1.74	\$1.45	\$2.13	\$2.19	\$2.17	\$2.36	\$2.56	\$2.86	\$3.03	\$3.28	\$3.54	\$3.81
Annualized Quarter												
Rev/Employee (000)	\$760	\$791	\$751	\$681	\$641	\$681	\$716	\$621	\$620	\$640	\$652	\$680
A/R Days Sales Out.	42	44	42	43	44	54	53	52	55	57	56	53
Inventory Turns	42	49	44	51	48	49	44	47	41	43	43	43
Days Inventory	8.6	7.3	8.1	7.1	7.5	7.3	8.1	7.7	8.7	8.4	8.4	8.3
A/P Days	75	74	69	68	70	84	85	83	84	85	85	84
Cash conv. cycle (days)	(24)	(23)	(19)	(18)	(18)	(23)	(24)	(24)	(20)	(20)	(21)	(23)
ROE	84%	80%	85%	53%	46%	52%	37%	41%	40%	40%	39%	37%
Return on Inv. Cap. (ROIC)	234%	727%	infin	-4296%	415%	230%	271%	418%	479%	425%	386%	442%
* Excludes cash and investments in excess of 5% of annualized revenue.												
Cash+Investments (\$mm)	\$9,813	\$9,534	\$8,946	\$9,546	\$10,693	\$12,744	\$13,954	\$11,789	\$11,596	\$12,241	\$13,227	\$14,393
Net of Debt (\$mm)	\$7,834	\$7,565	\$6,829	\$7,535	\$8,196	\$9,301	\$10,161	\$7,709	\$6,935	\$7,580	\$8,566	\$9,732
Net Cash/Invest Per Share	\$3.84	\$3.78	\$3.49	\$3.87	\$4.20	\$4.75	\$5.17	\$3.91	\$3.51	\$3.86	\$4.36	\$4.96

Source: Company documents and Caris & Company estimates.

Dell - Cash Flow

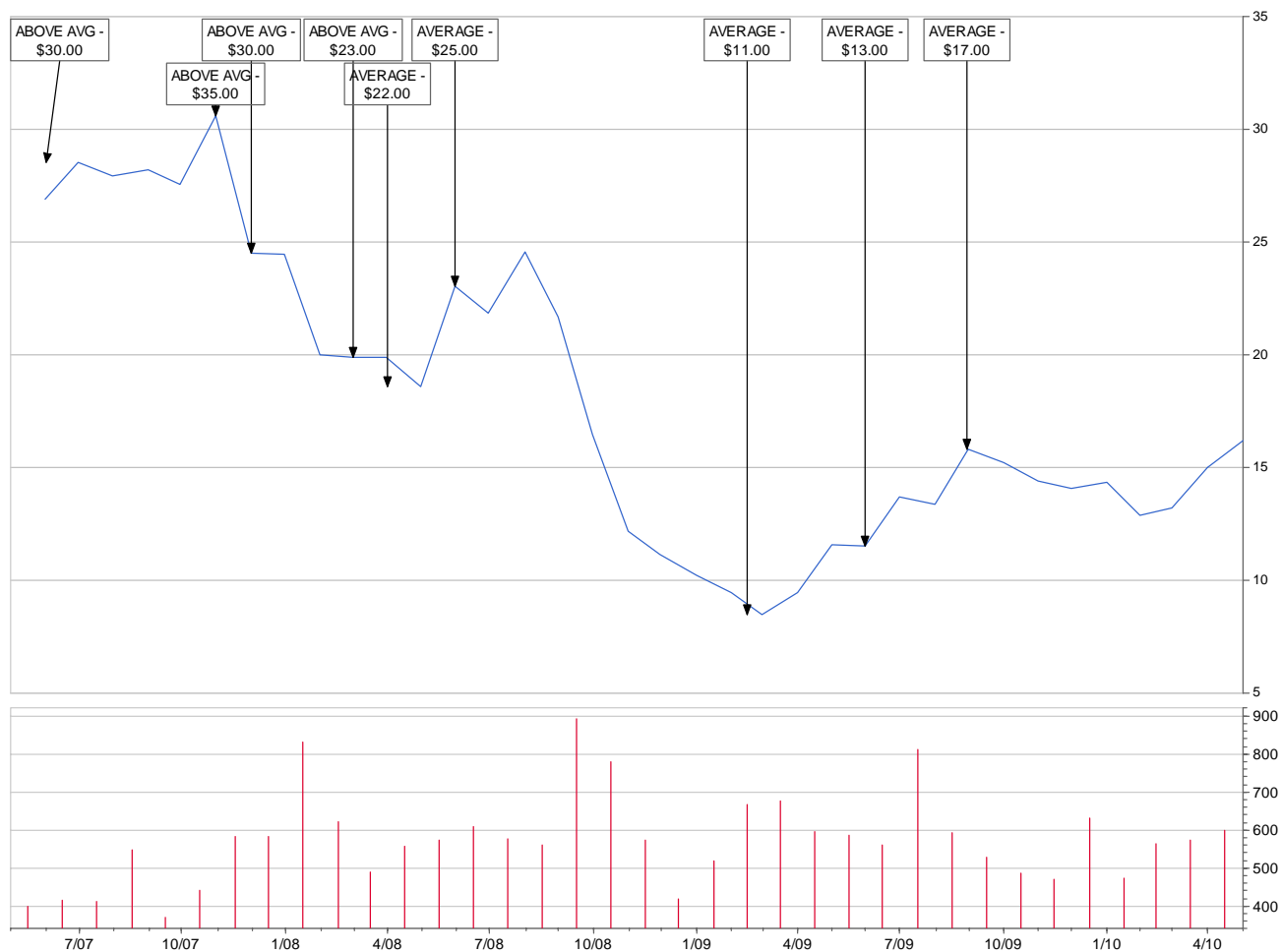
(\$ in millions)

Fiscal Years Ending January	2006	2007	2008	2009	2010	2011E	2012E
Cash flows from operating activities:							
Net income	\$3,572	\$2,583	\$2,947	\$2,478	\$1,433	\$2,100	\$2,630
Depreciation & amortization	393	471	607	769	852	918	808
Other, tax benefit, non-curr assets	849	518	914	594	908	557	430
	<u>4,814</u>	<u>3,572</u>	<u>4,468</u>	<u>3,841</u>	<u>3,193</u>	<u>3,575</u>	<u>3,868</u>
Working capital investment:							
(Incr) in accounts receivable	(1,038)	(707)	(1,300)	289	(1,745)	(798)	(535)
(Incr) in inventories	(117)	(72)	(498)	309	(183)	(194)	(45)
Incr in accounts payable	945	505	837	(3,117)	2,833	1,111	578
Incr in accrued and other liab.	846	955	787	678	33	195	178
Net other	(611)	(284)	(345)	(106)	(225)	(283)	(190)
Operating working capital	<u>25</u>	<u>397</u>	<u>(519)</u>	<u>(1,947)</u>	<u>713</u>	<u>31</u>	<u>(14)</u>
Net cash from operations	\$4,839	\$3,969	\$3,949	\$1,894	\$3,906	\$3,606	\$3,854
Free cash flow	\$4,111	\$3,073	\$3,118	\$1,454	\$3,555	\$3,139	\$3,166
Cash flows from investing activities:							
Capital expenditures	(728)	(896)	(831)	(440)	(351)	(467)	(688)
Net (purch) of investments, acquisitions	4,606	1,899	(932)	617	(3,458)	(314)	0
Net cash (used in) investing	\$3,878	\$1,003	(\$1,763)	\$177	(\$3,809)	(\$781)	(\$688)
Cash flows from financing activities:							
Net debt incr/(decr)	0	100	(199)	1,382	2,012	(64)	0
Net stock issue/(repurchase)	(6,226)	(2,651)	(3,921)	(2,788)	0	(340)	(200)
Net cash (used in) financing	(\$6,226)	(\$2,551)	(\$4,120)	(\$1,406)	\$2,012	(\$404)	(\$200)
Exchange rate effect	(196)	71	152	(77)	174	(4)	0
Net increase (decrease) in cash	\$2,295	\$2,492	(\$1,782)	\$588	\$2,283	\$2,417	\$2,966
Cash at beginning of period	4,747	7,054	9,546	7,764	8,352	10,635	13,052
Cash at end of period	<u>\$7,042</u>	<u>\$9,546</u>	<u>\$7,764</u>	<u>\$8,352</u>	<u>\$10,635</u>	<u>\$13,052</u>	<u>\$16,017</u>
Op CFlow per Share	\$1.98	\$1.75	\$1.76	\$0.95	\$1.99	\$1.83	\$1.96
FCF per Share	\$1.68	\$1.35	\$1.39	\$0.73	\$1.81	\$1.60	\$1.61

Source: Company documents and Caris & Company estimates.

Dell Inc. (DELL-US)
30-Apr-2007 to 30-Apr-2010 (Monthly)
USD

High:30.77
Low: 7.84
Last: 14.32



Hardware

Ratings Distribution Chart:

Total Securities Rated			
144			
Buy			
Number of Ratings	% of Ratings	No. Provided IB Services	% Provided IB Services
90	62.50%	0	0.00%
Hold/Neutral			
Number of Ratings	% of Ratings	No. Provided IB Services	% Provided IB Services
44	30.56%	2	4.55%
Sell			
Number of Ratings	% of Ratings	No. Provided IB Services	% Provided IB Services
10	6.94%	0	0.00%

First Call ratings are adapted to the above chart as follows: 1 & 2 = Buy, 3 = Hold/Neutral, 4 & 5 = Sell

*Note: Caris & Company utilizes the First Call rating system when assigning ratings in equity research reports. The following is a list of each numerical rating and its respective definition.

- 1 Buy
- 2 Above Average
- 3 Average
- 4 Below Average
- 5 Sell

Unless otherwise noted, stock prices reflected herein are the closing price through the business day immediately preceding the date of this report.

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